



January 24, 2011

**The City of Memphis
Healthcare Committee Meeting**



Agenda

- Roll Call
- Benefits Up-date
- Quarterly Reporting
 - 2010 Experience through 1st Quarter
 - Large Claims experience
- 2011/2012 Funding Rates
- Questions

BENEFITS UP-DATE

- **Open Enrollment**
 - 26 enrollments - 297
- **Satellite Transactions**
 - 2194 4th Quarter
 - 6503 Annual Total

▪ Medicare Report	Retiree	Active <i>Spouse</i>
– Medicare A & B	1,469	705
– Medicare A Only	373	151
– Medicare B Only	9	3
– TOTAL	1,851	859

- **Wellness Report**
- **RFP Up-date**
 - Five respondents – AETNA, BCBS, CIGNA, HUMANA AND UHC



Financial Report

4th Quarter 2010 Experience

Financial Report

2010 Experience – Basic Plan

4th Quarter

	Basic Plan			
	Active	Retiree		Total
		Medicare	No Medicare	
2009 (through 4th Qtr.)				
PEPM Medical claims	\$564.97	\$264.38	\$798.96	\$526.12
PEPM Rx Claims	\$153.00	\$384.85	\$166.81	\$250.18
PEPM Claims Administration	\$35.18	\$35.18	\$35.18	\$35.18
Total PEPM Cost	\$753.15	\$684.41	\$1,000.95	\$811.48
Enrollment				
Employees/Retirees	646	1,007	874	2,527
Members (includes dependents)	1,283	1,409	1,513	4,205
Total - through 4th Quarter	\$5,835,443	\$8,271,041	\$10,500,004	\$24,606,488
Budgeted Amount	\$639	\$638	\$672	\$19,369,774
Variance	(\$114)	(\$47)	(\$329)	(\$5,236,714)
2010 (through 4th Qtr.)				
PEPM Medical claims	\$618.10	\$282.91	\$851.34	\$548.81
PEPM Rx Claims	\$156.42	\$374.90	\$190.45	\$260.84
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$813.60	\$696.90	\$1,080.88	\$848.73
Enrollment				
Employees/Retirees	594	1,005	747	2,346
Members (includes dependents)	1,171	1,408	1,319	3,898
Total - through 4th Quarter	\$5,799,311	\$8,403,173	\$9,690,057	\$23,892,541
Budgeted Amount	\$658	\$670	\$674	\$18,810,591
Variance	(\$155)	(\$27)	(\$407)	(\$5,081,951)
PEPM Change from end of Q4 2009				
Medical	9.4%	7.0%	6.6%	4.3%
Rx	2.2%	-2.6%	14.2%	4.3%
Total	8.0%	1.8%	8.0%	4.6%

Financial Report

2010 Experience – Premier Plan

4th Quarter

	Premier Plan			
	Active	Retiree		Total
		Medicare	No Medicare	
2009 (through 4th Qtr.)				
PEPM Medical claims	\$565.41	\$343.80	\$1,063.37	\$628.31
PEPM Rx Claims	\$111.91	\$412.03	\$231.62	\$153.04
PEPM Claims Administration	\$35.18	\$35.18	\$35.18	\$35.18
Total PEPM Cost	\$712.50	\$791.01	\$1,330.17	\$816.53
Enrollment				
Employees/Retirees	5,877	564	1,218	7,659
Members (includes dependents)	15,146	798	2,459	18,402
Total - through 4th Quarter	\$50,250,017	\$5,349,604	\$19,445,754	\$75,045,375
Budgeted Amount	\$814	\$898	\$951	\$78,114,950
Variance	\$101	\$107	(\$379)	\$3,069,574
2010 (through 4th Qtr.)				
PEPM Medical claims	\$604.25	\$416.28	\$990.52	\$650.07
PEPM Rx Claims	\$108.09	\$402.65	\$222.16	\$150.10
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08
Total PEPM Cost	\$751.42	\$858.02	\$1,251.76	\$839.25
Enrollment				
Employees/Retirees	6,065	649	1,262	7,976
Members (includes dependents)	15,620	926	2,550	19,096
Total - through 4th Quarter	\$54,690,855	\$6,681,382	\$18,955,333	\$80,327,570
Budgeted Amount	\$880	\$995	\$1,026	\$87,314,978
Variance	\$128	\$137	(\$226)	\$6,987,408
PEPM Change from end of Q4 2009				
Medical	6.9%	21.1%	-6.9%	3.5%
Rx	-3.4%	-2.3%	-4.1%	-1.9%
Total	5.5%	8.5%	-5.9%	2.8%

Financial Report

2010 Experience – Total 4th Quarter

	Total				Expense through Q4
	Active	Retiree		Total	
		Medicare	No Medicare		
2009 (through 4th Qtr.)					
PEPM Medical claims	\$565.37	\$292.88	\$952.91	\$602.96	\$73,700,204
PEPM Rx Claims	\$115.98	\$394.60	\$204.55	\$177.14	\$21,651,573
PEPM Claims Administration	\$35.18	\$35.18	\$35.18	\$35.18	\$4,300,087
Total PEPM Cost	\$716.53	\$722.66	\$1,192.63	\$815.27	
Enrollment					
Employees/Retirees	6,523	1,571	2,092	10,186	10,186
Members (includes dependents)	16,429	2,207	3,971	22,607	22,607
Total - through 4th Quarter	\$56,085,460	\$13,620,645	\$29,945,759	\$99,651,864	\$99,651,864
Budgeted Amount	\$797	\$733	\$837	\$798	\$97,484,723
Variance	\$80	\$11	(\$356)	(\$18)	(\$2,167,140)
2010 (through 4th Qtr.)					
PEPM Medical claims	\$605.49	\$335.25	\$938.76	\$627.06	\$77,670,030
PEPM Rx Claims	\$112.40	\$385.79	\$210.37	\$175.27	\$21,709,476
PEPM Claims Administration	\$39.08	\$39.08	\$39.08	\$39.08	\$4,840,605
Total PEPM Cost	\$756.97	\$760.12	\$1,188.21	\$841.41	
Enrollment					
Employees/Retirees	6,659	1,654	2,009	10,322	10,322
Members (includes dependents)	16,791	2,335	3,869	22,994	22,994
Total - through 4th Quarter	\$60,490,166	\$15,084,555	\$28,645,390	\$104,220,111	\$104,220,111
Budgeted Amount	\$909	\$835	\$956	\$857	\$106,125,569
Variance	\$152	\$75	(\$232)	\$15	\$1,905,457
PEPM Change from end of Q4 2009					
Medical	7.1%	14.5%	-1.5%	4.0%	5.4%
Rx	-3.1%	-2.2%	2.8%	-1.1%	0.3%
Total	5.6%	5.2%	-0.4%	3.2%	4.6%



Large Claims Experience

2010 v. 2009

- 2010 Large Claims Experience through December 2010
 - 67 claimants exceeding \$100,000 (21 Active Employees, 25 Retired Employees, 17 Spouses, 4 Children)
 - Total on 67 claimants: \$12,115,167
 - Eleven (11) claimants exceeding \$250,000

- 2009 Large Claims Experience through December 2009
 - 59 claimants exceeding \$100,000 (19 Active Employees, 26 Retired Employees, 13 Spouses, 1 Child)
 - Total on 59 claimants: \$10,594,219
 - Ten (10) claimants exceeding \$250,000

Medical Claims Cost & Utilization

Total and Actives

Metrics	Prior Period	Current Period	Change
Highlights - Total			
Demographics			
Average Enrolled Subscribers	10,131	10,215	0.8
Average Enrolled Membership	22,631	22,847	1.0
Claimants per 1,000	927.2	939.8	1.4
Total Net Paid PMPM			
Total Net Paid PMPM	\$133.31	\$93.72	(29.7)
Standard Medical Total Net Paid PMPM	\$131.92	\$92.38	(30.0)
Mental Health/Substance Abuse Total Net Paid PMPM	\$1.39	\$1.34	(3.6)
Inpatient Utilization			
Admissions per 1,000	87.3	76.9	(11.9)
Days per 1,000	529.4	467.4	(11.7)
Average Length of Stay	6.06	6.08	0.3
Average Paid per Day	\$1,527	\$1,666	9.1
Network Indicators			
Eligible Medical Expenses from UHC Network Providers	91.20%	90.70%	(0.5)
Average UHC Network Provider Discount	44.90%	46.60%	1.7

Details			
High Cost Claimants (\$50,000+)			
High Cost Claimants per 1,000	9.3	9.5	2.2
Average Paid per High Cost Claimant	\$100,469	\$105,013	4.5
Percent of Total Net Paid	29.30%	29.70%	0.4
Standard Medical - Total Net Paid Unit Costs (excludes MH/SA)			
Inpatient Facility Total Net Paid per Admission	\$9,554	\$10,365	8.5
Inpatient Facility Total Net Paid per Day	\$1,588	\$1,759	10.8
Outpatient Surgery Total Net Paid per Encounter	\$1,592	\$1,582	(0.6)
Emergency Room Total Net Paid per Visit	\$811	\$831	2.5
Inpatient - Total Net Paid per Physician Visit	\$66.95	\$65.65	(1.9)
Outpatient - Total Net Paid per Physician Visit	\$62.13	\$57.89	(6.8)
Standard Medical - Utilization (excludes MH/SA)			
Inpatient Admissions per 1,000	83	72.5	(12.7)
Inpatient Days per 1,000	499.5	427.2	(14.5)
Inpatient Average Length of Stay	6.02	5.89	(2.2)
Surgical Outpatient Facility Visits per 1,000	212.7	222.2	4.5
Emergency Room Visits per 1,000	193.1	203.8	5.5
Inpatient - Physician Visits per 1,000	842	892	5.9
Outpatient - Physician Visits per 1,000	4,595	4,781	4.0

Metrics	Prior Period	Current Period	Change
Highlights - Active			
Demographics			
Average Enrolled Subscribers	6,453	6,529	1.2
Average Enrolled Membership	16,379	16,580	1.2
Claimants per 1,000	908.8	931.1	2.5
Total Net Paid PMPM			
Total Net Paid PMPM	\$111.71	\$80.70	(27.8)
Standard Medical Total Net Paid PMPM	\$110.29	\$79.49	(27.9)
Mental Health/Substance Abuse Total Net Paid PMPM	\$1.42	\$1.21	(14.8)
Inpatient Utilization			
Admissions per 1,000	59.5	54.3	(8.7)
Days per 1,000	281.1	249.2	(11.3)
Average Length of Stay	4.72	4.59	(2.8)
Average Paid per Day	\$2,313	\$2,637	14.0
Network Indicators			
Eligible Medical Expenses from UHC Network Providers	92.5%	91.7%	(0.8)
Average UHC Network Provider Discount	59.4%	59.8%	0.4

Details			
High Cost Claimants (\$50,000+)			
High Cost Claimants per 1,000	6.5	7.1	9.2
Average Paid per High Cost Claimant	\$95,386	\$104,250	9.3
Percent of Total Net Paid	23.0%	25.5%	2.5
Standard Medical - Total Net Paid Unit Costs (excludes MH/SA)			
Inpatient Facility Total Net Paid per Admission	\$11,483	\$12,564	9.4
Inpatient Facility Total Net Paid per Day	\$2,486	\$2,892	16.3
Outpatient Surgery Total Net Paid per Encounter	\$1,894	\$1,913	1.0
Emergency Room Total Net Paid per Visit	\$890	\$900	1.1
Inpatient - Total Net Paid per Physician Visit	\$118.19	\$127.21	7.6
Outpatient - Total Net Paid per Physician Visit	\$71.68	\$65.75	(8.3)
Standard Medical - Utilization (excludes MH/SA)			
Inpatient Admissions per 1,000	55.4	50.5	(8.8)
Inpatient Days per 1,000	255.8	219.6	(14.2)
Inpatient Average Length of Stay	4.62	4.34	(6.1)
Surgical Outpatient Facility Visits per 1,000	144.8	161.2	11.3
Emergency Room Visits per 1,000	188.8	204.0	8.1
Inpatient - Physician Visits per 1,000	322	330	2.5
Outpatient - Physician Visits per 1,000	3,766	4,006	6.4

Medical Claims Cost & Utilization

Retirees – Medicare and No Medicare

Metrics	Prior Period	Current Period	Change
Highlights - Retirees - Medicare			
Demographics			
Average Enrolled Subscribers	1,964	1,961	(0.2)
Average Enrolled Membership	2,855	2,858	0.1
Claimants per 1,000	1,207.0	1,176.9	(2.5)
Total Net Paid PMPM			
Total Net Paid PMPM	\$154.08	\$115.09	(25.3)
Standard Medical Total Net Paid PMPM	\$153.23	\$114.75	(25.1)
Mental Health/Substance Abuse Total Net Paid PMPM	\$0.86	\$0.34	(60.5)
Inpatient Utilization			
Admissions per 1,000	222.4	195.6	(12.1)
Days per 1,000	1,754.1	1,643.6	(6.3)
Average Length of Stay	7.89	8.40	6.5
Average Paid per Day	\$355	\$428	20.6
Network Indicators			
Eligible Medical Expenses from UHC Network Providers	88.6%	89.1%	0.5
Average UHC Network Provider Discount	15.2%	17.6%	2.4

Details			
High Cost Claimants (\$50,000+)			
High Cost Claimants per 1,000	9.8	14.3	45.9
Average Paid per High Cost Claimant	\$120,545	\$89,349	(25.9)
Percent of Total Net Paid	32.0%	30.9%	(1.1)
Standard Medical - Total Net Paid Unit Costs (excludes MH/SA)			
Inpatient Facility Total Net Paid per Admission	\$2,798	\$3,640	30.1
Inpatient Facility Total Net Paid per Day	\$356	\$435	22.2
Outpatient Surgery Total Net Paid per Encounter	\$476	\$427	(10.3)
Emergency Room Total Net Paid per Visit	\$217	\$234	7.8
Inpatient - Total Net Paid per Physician Visit	\$35.93	\$34.46	(4.1)
Outpatient - Total Net Paid per Physician Visit	\$33.88	\$33.56	(0.9)
Standard Medical - Utilization (excludes MH/SA)			
Inpatient Admissions per 1,000	218.2	192.4	(11.8)
Inpatient Days per 1,000	1,714.6	1,610.8	(6.1)
Inpatient Average Length of Stay	7.86	8.37	6.5
Surgical Outpatient Facility Visits per 1,000	352.4	377.5	7.1
Emergency Room Visits per 1,000	168.1	194.2	15.5
Inpatient - Physician Visits per 1,000	3,564	4,441	24.6
Outpatient - Physician Visits per 1,000	8,995	9,347	3.9

Metrics	Prior Period	Current Period	Change
Highlights - Retirees - No Medicare			
Demographics			
Average Enrolled Subscribers	1,715	1,725	0.6
Average Enrolled Membership	3,397	3,409	0.4
Claimants per 1,000	925.2	897.4	(3.0)
Total Net Paid PMPM			
Total Net Paid PMPM	\$220.01	\$139.13	(36.8)
Standard Medical Total Net Paid PMPM	\$218.31	\$136.31	(37.6)
Mental Health/Substance Abuse Total Net Paid PMPM	\$1.70	\$2.82	65.9
Inpatient Utilization			
Admissions per 1,000	107.7	87.1	(19.1)
Days per 1,000	697.4	542.1	(22.3)
Average Length of Stay	6.47	6.22	(3.9)
Average Paid per Day	\$2,478	\$2,641	6.6
Network Indicators			
Eligible Medical Expenses from UHC Network Providers	92.4%	90.7%	(1.7)
Average UHC Network Provider Discount	60.5%	58.6%	(1.9)

Details			
High Cost Claimants (\$50,000+)			
High Cost Claimants per 1,000	23.5	18.2	(22.6)
Average Paid per High Cost Claimant	\$93,876	\$108,788	15.9
Percent of Total Net Paid	41.9%	39.5%	(2.4)
Standard Medical - Total Net Paid Unit Costs (excludes MH/SA)			
Inpatient Facility Total Net Paid per Admission	\$16,603	\$17,293	4.2
Inpatient Facility Total Net Paid per Day	\$2,610	\$3,061	17.3
Outpatient Surgery Total Net Paid per Encounter	\$1,876	\$1,856	(1.1)
Emergency Room Total Net Paid per Visit	\$862	\$963	11.7
Inpatient - Total Net Paid per Physician Visit	\$79.50	\$92.41	16.2
Outpatient - Total Net Paid per Physician Visit	\$70.31	\$65.85	(6.3)
Standard Medical - Utilization (excludes MH/SA)			
Inpatient Admissions per 1,000	102.7	78.6	(23.5)
Inpatient Days per 1,000	653.5	444.1	(32.0)
Inpatient Average Length of Stay	6.36	5.65	(11.2)
Surgical Outpatient Facility Visits per 1,000	422.7	389.0	(8.0)
Emergency Room Visits per 1,000	235.2	210.9	(10.3)
Inpatient - Physician Visits per 1,000	1,064	649	(39.0)
Outpatient - Physician Visits per 1,000	4,899	4,724	(3.6)



2011/2012 Funding Rates

Calendar Year 2011/2012 Contribution Rates

- Looking back...
 - The City's health benefit cost increased by 3% from 2009 to 2010
 - Another 9 - 10% increase is projected in 2011
 - Employee contributions were increased by 16% as of 8/1/2010 in order to accommodate a projected CY2010 funding deficiency of approximately 14%
 - Employees & retirees contributed 26% of the total cost of the plan
- Looking forward...
 - At the current levels, it is projected that current funding rates will be slightly deficient to projected CY2011 health plan costs by 1.5%
 - If no change is made in contribution rates for CY2011, it is projected that employees and retirees will again contribute 26% of the total cost of the plan
 - Further increases in cost in CY2012 are projected to require an increase in funding rates of 11%
 - Plan design changes can help mitigate the impact of the increase to employees



Questions?

Future Meeting Dates

City of Memphis
 Health Insurance and OPEB Funds Comparison Analysis
 For the Six Months Ended December 31, 2010

Schedule I

	Health Insurance Fund	OPEB Trust Fund	Total
REVENUES			
Contributions:			
Employer	\$ 28,425,093	\$ 15,827,020	\$ 44,252,113
Employee	10,461,158	5,671,091	16,132,249
Total Contributions:	38,886,251	21,498,111	60,384,362
Investment Income:			
Interest and Dividend	0	91,735	91,735
Net Income/Investors	13,757	0	13,757
Unrealized Gain on Investments		1,055,347	1,055,347
Total Investment Earnings:	13,757	1,147,082	1,160,839
Other Revenue			
Medicare D Reimbursements	0	831,300	831,300
Total Other Revenue	0	831,300	831,300
Total Net Revenues	38,900,008	23,476,493	62,376,501
EXPENSES			
Health Claims Expense	28,309,094	20,984,005	49,293,099
Material and Supplies	1,871,731	1,454,075	3,325,805
Personnel	168,288	129,792	298,079
Other Expenses	0	3,236	3,236
Total Expenses	30,349,112	22,571,107	52,920,219
Change in Net Assets	8,550,895	905,386	9,456,282
Transfers in/(out)	0	0	0
Contribution to Fund	0	0	0
Net Assets - beginning of year	(6,383,561)	9,911,133	3,527,572
Total Net Assets - end of year	\$ 2,167,335	\$ 10,816,519	\$ 12,983,854

Expense allocation method based on historical data - 57% active, 43% retiree

Funds 0721 and 0853 Health Insurance

Line Item Revenue & Expense

Schedule II

Account	Account Description	As of Dec 2010	FY 2011 Request
45100	Interest on Investments	1,160,839	200,000
49128	Employer Premiums Income	44,252,113	79,906,818
49622	Medicare Part D Reimbursement	831,300	1,750,000
49720	Employee Contributed - Genera	16,132,249	30,087,536
Total Revenue		62,376,501	111,944,354
51101	Full-Time Salaries	246,954	495,335
51302	Pension	14,619	32,197
51304	Social Security	372	0
51308	Group Life Insurance	880	1,812
51310	Unemployment	2,100	2,100
51314	Medicare	3,373	8,222
51315	Long Term Disability	688	1,487
51320	United PPO (Basic) Insurance	0	4,862
51322	United POS (Premier) Insurance	23,093	51,893
51323	Other Post Employment Benefit	0	14,472
51402	PT Salaries	6,000	0
51501	On the Job Injury	.0	360
51601	Payroll Reserve	0	0
Total Personnel Services		298,079	612,740
52102	City Hall Printing	28,970	49,885
52106	City Hall Postage	5,078	6,600
52108	Document Reproduction - City	0	3,600
52110	Major Repairs & Carpentry	0	10,000
52116	City Shop Charges	0	2,200
52124	City Shop Fuel	0	900
52204	City Computer Svc Equipment	4,200	7,465
52208	Data/Word Process Software	0	1,000
52210	City Telephone/Communications	0	0
52304	Supplies - Outside	70	6,500
52306	Word/Processing/Duplicate	0	2,200
52324	Outside Postage	0	0
52342	Misc Materials/Supplies	0	0
52343	Miscellaneous Expense	6,576	0
52526	Seminars/Training/Education	0	6,750
52528	Misc Professional Services	3,279,650	6,990,327
52610	Travel Expense	0	3,000
52730	Mileage	188	500
52930	Dues/Memberships/Periodicals	148	3,000
66299	Expense Recovery - M & S	0	0
57454	Catering	945	0
57455	Special Events	0	0
61701	Investment Fees	3,236	0
Total Materials and Supplies		3,329,041	7,093,927
53102	Furniture/Furnishings	0	5,000
Total Capital Outlay		0	5,000
61180	Health Claims Expense	49,293,099	108,480,259
Total Claims Incurred		49,293,099	108,480,259
80853	Oper Trf Out - OPEB	0	(5,642,898)
70721	Oper Trf In - Healthcare	0	5,642,898
Net Transfers In/(Out)		0	0
Total Expenditures		52,920,219	116,191,926
Net Expenditures		9,456,282	(4,247,572)

FY11 Healthcare Claims

Schedule III

	Health Insurance Fund			OPEB Fund			UHC Claims Total	Caremark Claims Total	Grand Total All Claims
	UHC & Crmk Claims & Rx Basic	UHC & Crmk Claims & Rx Premier	Total Claims Actives	UHC & Crmk Claims & Rx Basic	UHC & Crmk Claims & Rx Premier	Total Claims Retirees			
July	505,824.75	4,285,406.42	4,791,231.17	1,422,047.17	2,507,545.34	3,929,592.51	7,259,151.08	1,461,672.60	8,720,823.68
August	740,379.68	4,343,678.64	5,084,058.32	1,746,122.11	2,041,980.33	3,788,102.44	7,123,186.26	1,748,974.50	8,872,160.76
September	548,597.60	4,247,587.26	4,796,184.86	1,393,869.74	1,911,807.33	3,305,677.07	6,494,229.48	1,607,632.45	8,101,861.93
October	484,758.28	4,035,279.48	4,520,037.76	1,313,214.41	1,652,123.21	2,965,337.62	5,633,507.39	1,851,867.99	7,485,375.38
November	512,653.82	3,710,433.53	4,223,087.35	1,356,326.32	1,761,118.74	3,117,445.06	5,949,015.79	1,391,516.62	7,340,532.41
December	434,969.02	4,556,054.06	4,991,023.08	1,871,078.24	2,006,772.23	3,877,850.47	6,998,085.98	1,828,726.39	8,868,873.55
January			0.00			0.00			0.00
February			0.00			0.00			0.00
March			0.00			0.00			0.00
April			0.00			0.00			0.00
May			0.00			0.00			0.00
June			0.00			0.00			0.00
Total Claims Reported	3,227,183.15	25,178,439.39	28,405,622.54	9,102,657.99	11,881,347.18	20,984,005.17	39,457,175.98	9,890,390.55	49,389,627.71
Total Claims per GL	3,227,183.15	25,178,439.39	28,405,622.54	9,102,657.99	11,881,347.18	20,984,005.17	39,457,175.98	9,890,390.55	49,389,627.71
Adjustments:									
Flexible Spending	(37,770.05)	(27,954.63)	(65,724.68)						(65,724.68)
Refunds	(13,292.43)	(17,511.78)	(30,804.21)						(30,804.21)
Total Claims after Adjs	3,176,120.67	25,132,972.98	28,309,093.65	9,102,657.99	11,881,347.18	20,984,005.17	39,457,175.98	9,890,390.55	49,293,098.82